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UNCLAS BANGKOK 000053

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DEPARTMENT PASS USTR

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SUBJECT: MFA DELIVERS INTERIM RESPONSE ON AER

REF: SECSTATE 229932

1. On January 4, MFA DG Nongnuth Phetcharatana called in Charge to deliver a non-paper described as an "interim response" on the status of the Treaty of Amity and Economic Relations (AER), and the RTG's declining to withdraw their notice of termination of the treaty as described in reftel. The text of the non-paper follows in paragraph 3.

2. Charge made the point that in the absence of the AER U.S. investors would be looking for assurances that their investments would continue to enjoy AER privileges, particularly as the RTG begins to seek foreign investment for the new "mega-projects" that Thailand is planning. Nongnuth was unable to give firm assurances on treatment of future investment, and could say only that all options were under review and that the MFA would notify the Embassy as soon as practicable.

3. Text of non-paper follows:

We would like to share information with the U.S. side with regard to the Cabinet decision on 27 December 2005 concerning the Treaty of Amity and Economic Relations between Thailand and the U.S.

The Cabinet felt that the benefit from the draft Exchange of Notes was too meager and the assurance as contained in the draft Exchange of Notes would not be solid enough. In other words, the Exchange of Notes would not offer adequate comfort level to Thailand. As a result, the Cabinet has decided not to proceed with the Note to withdraw the notice of termination of 29 December 2004.

As for further action in accordance with the above Cabinet decision, available options are under review. We will inform the U.S. side as soon as possible.

ARVIZU